



2023-2024 General Assembly

HOUSE BILL 259: 2023 Appropriations Act, Sec. 8.14: University of North Carolina System Faculty Realignment Incentive Program

Committee:
Introduced by:
Analysis of: Sec. 8.14 of S.L. 2023-134

Date: December 14, 2023
Prepared by: Brian Gwyn
Staff Attorney

OVERVIEW: *Section 8.14 of S.L. 2023-134 requires the Board of Governors of The University of North Carolina (BOG) to create a Faculty Realignment Incentive Pilot Program (Program) for constituent institutions to award severance payments to identified faculty members. Funds for the Program will be distributed among the constituent institutions based on criteria established by the President of The University of North Carolina. To qualify for a severance payment under the Program, an identified faculty member must be a full-time, tenured faculty member employed by a constituent institution who meets the following criteria:*

- *Is at least 55 years of age.*
- *Meets either of the following criteria:*
 - *Is eligible to commence retirement with an early or service retirement allowance under the Teachers' and State Employees' Retirement System (TSERS).*
 - *Is vested in the Optional Retirement Program (ORP) for The University of North Carolina.*
- *Does not receive disability or workers' compensation benefits.*

The Program must meet at least the following requirements:

- *An identified faculty member is selected to receive a payment under the Program in the discretion of the employing constituent institution.*
- *Severance payments are equivalent to the identified faculty member's base salary from the prior academic year.*
- *Severance payments are exempt from payroll deductions for retirement contributions and are not considered compensation for purposes of the supplemental plans administered by The University of North Carolina or plans administered by the Supplemental Retirement Board of Trustees.*
- *If an identified faculty member does not qualify for the full employer premium contribution for retiree health coverage provided under TSERS or ORP, then the constituent institution where the identified faculty member is employed can provide the faculty member, in addition to a severance payment, an amount equivalent to 12 months of the full employer contribution to the employee health insurance premium.*

Jeffrey Hudson
Director



* H 2 5 9 - S M B E - 1 2 0 S L - V - 2 *

Legislative Analysis
Division
919-733-2578

House Bill 259

Page 2

By December 1, 2024, and annually thereafter, while funds are expended under the Program, the BOG must report at least the following information on the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division, disaggregated by constituent institution:

- *The number of identified faculty members that received funds under the Program.*
- *The total amount paid out by the Program.*

Funds appropriated for the Program will not revert and will remain available until expended.

This section became effective July 1, 2023.